



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

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August 11, 1998

Magalie Roman Salas, Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street N.W.
Room 222
Washington, D.C. 20554

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RE: CC Docket 97-21 /
CC Docket No. 96-45

Dear Ms. Salas:

Enclosed herewith, please find an original and six (6) copies of the Reply Comment on behalf of the Pennsylvania Public Utility Commission relating to the USAC Plan for Reorganization. I also have enclosed an additional copy to be time-stamped and returned to me in the self-addressed envelope.

Sincerely yours,

David E. Screven
Assistant Counsel
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Enclosure

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
Universal Service Administrative Company)
(USAC) Plan of Reorganization)

CC Docket No. 97-21

CC Docket No. 96-45

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**REPLY COMMENT OF THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

I. INTRODUCTION

The Pennsylvania Public Utility Commission (PaPUC) hereby files a Reply Comment regarding the Commission's proposed merger of the Schools and Libraries Corporation (SLC) and the Rural Health Care Corporation (RHCC) into the Universal Service Administrative Company (USAC) as the single entity responsible for administering the universal service support mechanisms for schools, libraries and rural health care providers by January 1, 1999.

II. PENNSYLVANIA POSITION

1. The Pennsylvania Public Utility Commission (PaPUC) submits this Reply Comment to the FCC to clarify its position on whether government compensation limitations should apply to NECA officers and employees.

2. *Compensation Limitations for USAC and NECA.* In our comments filed August 3, 1998 in the above-captioned proceeding, we reserved comment on

the imposition of compensation limitations on NECA officers and employees. The PaPUC now takes the position that placing compensation limitations on NECA officers and employees would be inappropriate as NECA is a private corporation. Although the administration of the universal support service mechanisms does come within NECA's administrative umbrella, its primary function continues to be the preparation of interstate access charge tariffs and revenue pools on behalf of its exchange carrier members. Moreover, the Commission in the past has recognized that it would be undesirable to restrict NECA's independence in making staffing arrangements. Thus, to be consistent with this principle, the Commission should continue to permit the board of directors the discretion and independence to set compensation for its officers and employees absent governmental regulation.

3. The PaPUC continues to endorse the imposition of compensation limitations on USAC officers and employees consistent with Level 1 of the Executive Schedule under Section 5312 of Title 5 of the United States Code.

III. CONCLUSION

For the foregoing reasons, the Commission should find that government compensation limits do not apply to NECA as a private corporation.

Respectfully submitted,



David E. Screven
Assistant Counsel
Pennsylvania Public Utility Commission

Frank Wilmarth, Deputy Chief Counsel
Pennsylvania Public Utility Commission

Bohdan R. Pankiw, Chief Counsel
Pennsylvania Public Utility Commission

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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)	CC Docket No. 97-21
Universal Service Administrative Company)	CC Docket No. 96-45
(USAC) Plan of Reorganization)	

CERTIFICATE OF SERVICE


I, David E. Screven, hereby certify that I have on this 11th day of August, 1998, I served a true and correct copy of the Reply Comment of the Pennsylvania Public Utility Commission (PaPUC) upon the persons and in the manner indicated below:

Served by Federal Express:

Magalie R. Salas, Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street NW
Room 222
Washington, D.C. 20554

Served by First Class Mail:

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